

1 [Lease Amendment - Retroactive - SFII 1390 Market St, LLC - 1390 Market Street - Term
2 Extension - \$704,990 Per Year in Base Rent]

3 **Resolution retroactively approving a lease amendment between SFII 1390 Market St,**
4 **LLC, as landlord, and the City, as tenant, for space occupied by the Department of**
5 **Children, Youth and Their Families, at Fox Plaza, 1390 Market Street, at a base rent of**
6 **\$704,990 per year with annual rent increases of 3%, to extend the term of the Lease**
7 **by five years, commencing December 1, 2020, through November 30, 2025, subject to**
8 **earlier termination by the City; and authorizing the Director of Property to execute**
9 **documents, make certain modifications and take certain actions in furtherance of the**
10 **Amendment, the Lease, and this Resolution, as defined herein.**

11
12 WHEREAS, The City, on behalf of its Department of Children, Youth and Their
13 Families (“DCYF”), entered into the office lease dated March 6, 2006 (the ‘Original Lease’), of
14 approximately 10,846 sq. ft. of office space (“Premises”) on the ninth floor of the building
15 located at 1390 Market (the “Building”), with the original landlord, subsequently assigned to
16 SFII 1390 Market St, LLC (as new “Landlord”); a copy of the Original Lease is on file with the
17 Clerk of the Board in File No. 201394; and

18 WHEREAS, In 2010 and again in 2015, the City exercised its option to extend the
19 Original Lease by five years, with the most recent extended term expiring on November 30,
20 2020, and DCYF is currently in month-to-month holdover status as of December 1, 2020; and

21 WHEREAS, The Real Estate Division (“RED”), in consultation with DCYF and the
22 Office of the City Attorney, negotiated an amendment to the Original Lease (the
23 “Amendment”), a copy of the Amendment is on file with the Clerk of the Board in File No.
24 201394; and

1 WHEREAS, The Amendment amends the Original Lease to extend the term from
2 December 1, 2020 to November 30, 2025, unless earlier terminated by City; and

3 WHEREAS, Before the application of rent credits, base rent will be \$704,990 per year
4 (\$65 per square foot), or approximately \$58,749.17 per month, increasing annually by 3%;
5 and

6 WHEREAS, City will pay its pro-rata share of the building's typical operating expenses
7 and taxes over Base Year 2021; and

8 WHEREAS, Under the Amendment, the first 2½ months of year 1 and the first 2½
9 months of year 2 are abated as a rent credit (five months total), providing City with a rent
10 reduction value of \$298,152, creating an effective base year rental rate for year 1 of \$51.46
11 per square foot per year and year 2 of \$53.00 per square foot per year; and

12 WHEREAS, Landlord will provide City a tenant improvement allowance of \$15 per
13 square foot, or \$162,690 ("Tenant Improvement Allowance"), which can be used for tenant
14 improvement work or credited against rent; and

15 WHEREAS, Under the Amendment, City will have the unilateral right to terminate the
16 Lease on November 30, 2022 ("Termination Option"), by providing notice no later than
17 February 28, 2022, effectively reducing the Amendment to a 2-year extension, with no penalty
18 to City but requiring City to return a portion of the Tenant Improvement Allowance to Landlord;
19 and

20 WHEREAS, The Director of Property determined the net rent payable under the
21 Amendment to be at or below fair market rental value; now, therefore, be it

22 RESOLVED, That in accordance with the recommendation of the Executive Director of
23 DCYF, the Board of Supervisors approves the Amendment and authorizes the Director of
24 Property to execute and deliver the Amendment and take all actions consistent with the
25 Amendment; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
2 Property to enter into any amendments or modifications to the Lease (including without
3 limitation, exercising of the Termination Option) that the Director of Property determines, in
4 consultation with the City Attorney and the Executive Director of DCYF, are in the best interest
5 of the City, do not increase the rent or otherwise materially increase the obligations or
6 liabilities of the City or reduce the benefits to City, are necessary or advisable to effectuate the
7 purposes of the lease or this Resolution, and are in compliance with all applicable laws,
8 including the City's Charter; and, be it

9 FURTHER RESOLVED, The Real Estate Division shall, no later than December 31,
10 2021, report back to the Board of Supervisors on the fiscal feasibility of moving the City
11 tenants in Fox Plaza into existing City-owned office space or purchasing and/or developing
12 new City-owned office space, to allow for early termination of the proposed lease; and be it

13 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
14 with respect to the Lease are hereby approved, confirmed and ratified; and, be it

15 FURTHER RESOLVED, That within thirty (30) days of the Amendment being fully
16 executed by all parties, RED shall provide the final Amendment to the Clerk of the Board for
17 inclusion into the official file.



City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 201394

Date Passed: February 02, 2021

Resolution retroactively approving a lease amendment between SFII 1390 Market St, LLC, as landlord, and the City, as tenant, for space occupied by the Department of Children, Youth and Their Families, at Fox Plaza, 1390 Market Street, at a base rent of \$704,990 per year with annual rent increases of 3%, to extend the term of the Lease by five years, commencing December 1, 2020, through November 30, 2025, subject to earlier termination by the City; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Amendment, the Lease, and this Resolution, as defined herein.

January 27, 2021 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

January 27, 2021 Budget and Finance Committee - RECOMMENDED AS AMENDED

February 02, 2021 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 201394

I hereby certify that the foregoing Resolution was ADOPTED on 2/2/2021 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

2/12/21

Date Approved